

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN**  
**FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009**  
**(Registration Number: 2003/017900/08)**

<b>Content</b>	<b>Page</b>
1 Directors' Report	455
2 Statement of Financial Position	457
3 Statement of Financial Performance	458
4 Statement of Changes in Deferred Income	459
5 Cash Flow Statement	460
6 Notes to the Annual Financial Statements	461
7 Appendix A: Analysis of Property, Plant and Equipment	474
8 Appendix B: Actual versus Budget (Revenue and Expenditure)	475
9 Appendix C: Actual versus Budget (Acquisition of Property, Plant and Equipment)	476

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN  
ANNUAL FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009  
DIRECTORS' REPORT**

The directors have pleasure in submitting their report for the Agency, which forms part of the audited financial statements of the Incorporated Association not for gain for the year ended 30 June 2009.

**Establishment**

The Nelson Mandela Bay Municipality (NMBM), with the assistance of the Industrial Development Corporation (IDC) established the Mandela Bay Development Agency (MBDA) to project manage urban regeneration of the inner metro precinct with a view to promoting economic and tourism development. The geographical area for which the MBDA is responsible for includes *inter alia*, the Central Business District (CBD), Central Hill, the existing harbour, Lower Baakens River Valley and surrounding areas.

In December 2007 the NMBM council resolved that the MBDA's mandate be extended to include the renewal and revitalisation of business nodes within the entire Nelson Mandela Bay area with a focus on emerging areas such as Uitenhage

**General review**

The Agency has received conditional grants during the year under review from the NMBM for urban regeneration projects, operational expenses and property, plant and equipment in terms of the budget submitted to them.

**Legislation**

The Agency complied with all the relevant sections of the Companies Act, 61 of 1973 and the Municipal Finance Management Act, 56 of 2003.

**Financial results**

The financial results are set out in the attached annual financial statements.

**Key activities**

*Existing Projects*

During the year under review the Agency completed the Govan Mbeki Avenue Environmental Upgrade (Phase 1), and Parliament Street Environmental Upgrade projects.

*New Projects*

During the year under review, construction on the Govan Mbeki Avenue Environmental Upgrade (Phase 2) continued and this project entailed the semi-pedestrianisation of the precinct, as well as paving walkways, planting trees and installing street furniture and steel structures. Design planning for the Strand Street Environmental Upgrade and Donkin Reserve Project also commenced during this year.

*Future Projects*

The construction for the Environmental Upgrade of Strand Street and Donkin Reserve projects are planned to commence in the new financial period.

**Directors and Secretary**

The non-executive directors of the company are:

Sakumzi Justice Macozoma (Chairperson)  
Phillip Hugo Gutsche (Deputy Chairperson)  
Mninawe Pepi Silinga  
Daniel Alexander Jordaan  
Lulama Monica Prince  
Wilhela Magda Gie  
Hannah Sadiki  
Alfred Da Costa  
Renganayagee Kisten

The company secretary is Ashwin Badra Daya whose business and postal addresses are:

**Postal Address:**

Mandela Bay Development Agency  
P.O. Box 74  
Port Elizabeth  
6000

**Business Address:**

7<sup>th</sup> Floor  
Kwantu Towers  
Vuyisile Mini Square (Market Square)  
Govan Mbeki Avenue  
Port Elizabeth  
6001

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN**  
**STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009**

	Notes	2009 R	2008 R
<b>LIABILITIES</b>			
<b>Non Current Liabilities</b>		2,044,252	1,392,508
Construction Contract Retention Creditors	2	1,516,554	896,759
Deferred Income	3	527,698	495,749
<b>Current Liabilities</b>		51,150,481	37,270,197
Trade and Other Payables	4	8,529,497	8,113,922
Provisions	5	209,497	198,176
Unspent Project Funding	6	41,817,338	28,374,277
Short term portion of Construction Contract Retention Creditors	2	462,906	473,136
Short term portion of Deferred Income	3	131,243	110,686
<b>TOTAL NET ASSETS AND LIABILITIES</b>		<b>53,194,733</b>	<b>38,662,705</b>
<b>ASSETS</b>			
<b>Non-current Assets</b>		658,941	606,435
Property, Plant & Equipment	7	658,941	606,435
<b>Current Assets</b>		52,535,792	38,056,270
Trade and Other Receivables	8	6,487,982	14,101,941
Deposits	9	6,605	5,605
Cash and Cash Equivalents	10	46,041,205	23,948,724
<b>TOTAL ASSETS</b>		<b>53,194,733</b>	<b>38,662,705</b>

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN**  
**STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009**

		ACTUAL	ACTUAL
	NOTES	2009 R	2008 R
<b>REVENUE</b>	<b>11</b>	<b>15,961,729</b>	<b>14,677,503</b>
IDC Grants		1,063,982	1,436,019
NMBM Conditional Grants & Receipts		11,557,971	10,941,397
Interest Received - cash and cash equivalents		3,201,985	2,184,968
Deferred Income		137,791	115,119
<b>OTHER INCOME</b>			
Other Income	<b>12</b>	301,740	108,428
<b>TOTAL REVENUE</b>		<b>16,263,469</b>	<b>14,785,931</b>
<b>EXPENDITURE</b>		<b>16,263,469</b>	<b>14,785,931</b>
Advertising & Media		171,579	318,998
Audit Fees		239,368	105,200
Bank Charges		6,844	3,097
CBD Facilities		156,525	-
Cleaning, Safety & Security		12,817	6,164
Cleansing Plan Project		2,465,445	1,541,290
Computer Expenses		32,336	19,896
Consumables		3,115	1,600
Course Fees, Education & Training		44,544	29,038
Depreciation	<b>7</b>	137,791	113,625
Donations & Social Responsibility		16,500	24,145
Electricity, Water & Rates		51,002	67,452
Employee Related Costs	<b>13</b>	4,579,131	3,764,705
Entertainment		80,269	79,073
Equipment Lease & Rentals		14,205	14,625
Insurance		45,416	42,802
Interest Paid	<b>14</b>	2,425	576
IT Support Costs		84,456	76,848
Legal Fees		271,943	210,885
Loss on disposal of non current asset		-	1,494
Meeting Expenses		91,963	44,563
Narrow Gauge Feasibility Study		-	24,976
Office Decor & Fittings		11,611	12,403
Office Rentals		381,062	385,670
Postage & Courier		7,801	5,971
Printing & Stationery		50,095	22,033
Professional & Consultant Fees		525,656	198,912
Public Relations & Marketing		722,836	710,227
Recruitment Costs		6,892	6,733
Refreshments		11,532	8,651
Repairs & Maintenance		9,764	6,259
Security Plan Project		3,194,218	5,054,569
Strategic Spatial Implementation Framework		2,260,550	1,436,019
Subscriptions		40,031	21,403
Sundry Expenses		35,858	10,754
Telephone & Fax		124,131	101,176
Travel & Accommodation		373,758	314,099
<b>SURPLUS/(DEFICIT) FOR THE YEAR</b>		<b>-</b>	<b>-</b>

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN**  
**STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009**

	R	R
	Accumulated Surplus	Total
Balance at 1 July 2007	-	-
Deficit for the year	-	-
Prior period error (refer note 26.2)	-	-
Balance at 1 July 2008	-	-
Deficit for the year	-	-
Prior period error (refer note 26.2)	-	-
Balance at 30 June 2009	-	-

**Note:** The entity's statement of net assets reflects nil balances as all the entity's operations are funded from operating grants received from NMBM.

**MANDELA BAY DEVELOPMENT AGENCY INCORPORATED ASSOCIATION NOT FOR GAIN****CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009**

	Note	2009 R	2008 R
<b><u>CASH FLOW FROM OPERATING ACTIVITIES</u></b>			
Cash receipts from government and others		79,824,474	36,442,352
Cash paid to suppliers and employees		(60,741,256)	(34,291,047)
<i>Cash generated from operations</i>	15	<u>19,083,218</u>	<u>2,151,305</u>
Interest received	11	3,201,985	2,184,968
Interest paid	14	(2,425)	(576)
<b>NET CASH UTILISED FROM OPERATING ACTIVITIES</b>		<u><u>22,282,778</u></u>	<u><u>4,335,697</u></u>
<b><u>CASH FROM INVESTING ACTIVITIES</u></b>			
Purchase of property, plant and equipment	7	(190,297)	(73,217)
Proceeds on disposal of property, plant and equipment		-	10,152
<b>NET CASH UTILISED FROM INVESTING ACTIVITIES</b>		<u><u>(190,297)</u></u>	<u><u>(63,065)</u></u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	16	<u><u>22,092,481</u></u>	<u><u>4,272,632</u></u>
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF THE YEAR</b>		23,948,724	19,676,092
<b>CASH AND CASH EQUIVALENTS AT END OF THE YEAR</b>		<u><u>46,041,205</u></u>	<u><u>23,948,724</u></u>